Linkage of gas price with International Crude Oil Price

1590. SHRI MOINUL HASSAN: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) on what RIL has been permitted for fix a gas price of 4.2 dollar/unit from Krishna-Godavari Basin;

(b) whether any company, producing gas in the country indigenously can be allowed to fix gas price with international price of crude oil; and

(c) if so, what is the linkage between international price of crude oil and indigenously produced gas in the country?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MURLI DEORA): (a) to (c) As per the provisions of the Production Sharing Contract (PSC) signed by the Government of India with M/s RIL-NIKO Consortium for the D-6 Block under NELP-I bidding round, the gas price basis/formula for the purpose of valuation of Government take has to be approved by the Government. The relevant provisions of the PSC also state that gas will be sold on arms length basis.

The contractors submitted their proposal to the Government to the gas price formula after inviting bids. An Empowered Group of Ministers (EGoM) has decided the gas price formula and gas pricing inssues under NELP after considering relevant material. The decision taken by the EGoM in the present case will lead to a price of US$ 4.20 per mmbtu at delivery point. The gas prices are normally determined as per a formula which has fixed and variable portions. The variable portion is generally linked to international price of crude. The EGoM has imposed a ceiling on the price of crude in the pricing formula at US$ 60 per barrel, with a view to protecting the interest of gas consumer against persistently rising international crude prices.

Exploration of oil in Suez by OVL

1591. SHRIMATI MOHSINA KIDWAI:
SHRI VIJAY J. DARDA:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether sizeable oil reserves have been found during exploration by ONGC Videsh Ltd. (OVL) in Egypt's Gulf of Suez;

(b) if so, whether OVL having 70 per cent participating interest in this venture' will have decisive role while selling this crude in view of our dependency on oil imports for meeting our bourgeoning domestic requirement; and

(c) whether inclusion of built-in clause for assured supply to India of oil or gas reserves, when such collaboration agreements are drawn with foreign countries, be juricical feasible?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MURLI DEORA): (a) Yes, Sir. ONGC Videsh Ltd. (OVL) and its partner IPR Energy Red Sea Inc. have made a significent new oil field discovery in its first Exploration well North Ramadan-I drilled in the North Ramadan Concession, Gulf of Suez, Egypt. The discovery was made in April 2007 and well was tested at naturally flowing rate of 2979 barrels of oil per day.

(b) As per provisions in Production Sharing Contract, CONTRACTOR (ONGC Videsh Ltd. and IPR Energy Red Sea Inc.) have the right and the obligation to freely export and otherwise dispose of the entitled Crude Oil. However, the Priority shall be given to meet the requirements of the Arab Republic of Egypt (A.R.E.) market.

(c) Each country has model collaboration agreement for oil sharing and agreements are generally based on such model agreements. Though, the efforts are being made to have right on its share of equity oil, however, in case of some countries where such rights are not available, the agreements are entered on the basis of commercial considerations.

Oil and gas extraction in country

1592. SHRI RAVULA CHANDRA SEKAR REDDY: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the country is still lagging behind in the field of extracting petroleum and natural gas;

(b) if so, the details thereof and the reasons therefor; and

(c) what steps Government is taking to fill the gap and to compete with the other countries in future?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MURLI DEORA): (a) No Sir, oil and gas are being produced optimally from existing discovered fields.

(b) As a result of exploration activities in the Production Sharing Contracts (PSC) regime total 79 oil and gas discoveries have been made.

So far, commercial production of oil and gas has already started in 6 blocks in addition to existing producing fields. Other discoveries are under various stages of development appraisal and evaluation.

(c) Government is offering more and more blocks under New Exploration Licensing Policy (NELP) on International Competitive bidding process in which Indian companies as well as Foreign Companies are participating regorously. They are implementing new technologies for exploration and exploitation of oil and gas.

Possibility of delisting of ONGC

1593. MS. SUSHILA TIRIYA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that ONGC faces threat of delisting; and

(b) if so, the reasons therefor?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MURLI DEORA): (a) No, Sir.

(b) Does not arise in view of (a) above.

Slashing of subsidy on LPG and kerosene

1594. SHRI B.K. HARIPRASAD: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government feels that the international crude prices now ruling above $95.00 a barrel, are unlikely to come down in the near future;

(b) if so, what contingency plans Government has in place to ensure continuous supply of petro-products in the country; and

(c) whether Government is considering slashing of the subsidy presently given to consumers on LPG and Kerosene?